

FORM MR-RC
Revised January 21, 2005
RECLAMATION CONTRACT

File Number M/019/005

Effective Date 2/15/05 3/9/05

Other Agency File Number SITLA ML 9638

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

RECEIVED

FEB 25 2005

RECLAMATION CONTRACT

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DIV OF OIL, GAS & MINING

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)	<u>M/019/005</u>
(Mineral Mined)	<u>Potash (KCI) and Salt (NaCI)</u>
"MINE LOCATION":	
(Name of Mine)	<u>Cane Creek</u>
(Description)	<u>Grand County, Utah</u>
	<u>7 Miles West of Moab</u>
"DISTURBED AREA":	
(Disturbed Acres)	<u>946.4 acres</u>
(Legal Description)	<u>(Refer to Attachment A)</u>
"OPERATOR":	
(Company or Name)	<u>Intrepid Potash-Moab, LLC</u>
(Address)	<u>P.O. Box 1208</u>
	<u>Moab, Utah 84532</u>
(Phone)	<u>435/259-7171</u>

"OPERATOR'S REGISTERED AGENT":

Name)
(Address)

(Phone)

CT Corporation System

50 West Broadway, Suite 800

Salt Lake City, Utah 84101

801/530-4849

"OPERATOR'S OFFICER(S)" & TITLE:

Robert P. Jornayvaz III - Manager

700 17th Street, Suite 1700

Denver, Colorado 80202

SURETY":

(Form of Surety - Attachment B)

Surety Bonds

"SURETY COMPANY":

(Name, Policy or Acct. No.)

Cumberland Surety Insurance Company on behalf of
Lyndon Property Insurance Company

(adjusted to \$2,027,760);

"SURETY AMOUNT":

(Escalated Dollars)

\$6,266,800 (total)

"ESCALATION YEAR":

2010

"STATE":

"DIVISION":

"BOARD":

State of Utah

Division of Oil, Gas and Mining

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Intrepid Potash-Moab, LLC the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/019/005 which has been approved/accepted by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved/accepted Reclamation Plan or Notice, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the Reclamation Plan and/or Notice of Intention approved/accepted by the Division on April 1, 1977. The Reclamation Plan and/or Notice of Intention, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face

amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the Implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

Intrepid Potash-Moab, LLC
Operator Name

By Robert P. Jornayvaz III
Authorized Officer (Typed or Printed)

Manager
Authorized Officer - Position

[Signature] 2/23/05
Officer's Signature Date

STATE OF _____)
COUNTY OF _____) ss:

On the 23 day of February, 20 05, Robert P. Jornayvaz III
personally appeared before me, who being by me duly sworn did say that he/she is the
Manager of Intrepid Potash-Moab, LLC and duly acknowledged
that said Instrument was signed on behalf of said company by authority of its bylaws or
a resolution of its board of directors and said Robert P. Jornayvaz duly
acknowledged to me that said company executed the same.

[Signature]
Notary Public
Residing at 700 17th St., Ste 1700, Denver, CO

My Commission Expires 06/09/2008
My Commission Expires:

DIVISION OF OIL, GAS AND MINING:

By *Mary Ann Wright*
Mary Ann Wright, Acting Director

3/9/05
Date

STATE OF *Utah*)
COUNTY OF *Salt Lake*) ss:

On the *9th* day of *March*, 20*05*, *Mary Ann Wright*
personally appeared before me, who being duly sworn did say that she, the said
Mary Ann Wright is the Acting Director of the Division of Oil, Gas and
Mining, Department of Natural Resources, State of Utah, and she duly acknowledged to
me that she executed the foregoing document by authority of law on behalf of the State
of Utah.



Joelle Burns
Notary Public
Residing at: *S L C. UT*

April 4, 2005
My Commission Expires:

ATTACHMENT "A"

Intrepid Potash-Moab, LLC

Operator

Cane Creek Mine

Mine Name

M/019/005

Permit Number

Grand

County, Utah

LEGAL DESCRIPTION

Include 1/4, 1/4, 1/4 sections, townships, ranges and any other descriptions that will legally determine where disturbed lands are located. Attach a topographic map of suitable scale (max. 1 inch = 500 feet; 1 inch = 200 feet or larger scale is preferred) showing township, range and sections and a clear outline of the disturbed area boundaries tied to this Reclamation Contract and surety.

The detailed legal description of lands to be disturbed includes portions of the following lands not to exceed 946.4 acres under the approved / accepted permit and surety, as reflected on the attached maps labeled Attachment C and Attachment D and approved February 16, 2005 :

The disturbed area and the areas to be disturbed are within the following lands:

T 26S., R.20E., SLM

Sec. 13: SE 1/4 SE 1/4

Sec. 22: SE 1/4 SE 1/4;

Sec. 23: SW 1/4 SW 1/4;

Sec. 24: SE 1/4, SE 1/4 SW 1/4, NE 1/4 NW 1/4, NW 1/4 NE 1/4;

Sec. 25: All;

Sec. 26: All;

Sec. 27: SE 1/4 NE 1/4, NE 1/4 SE 1/4

Sec. 34: SE 1/4 SE 1/4;

Sec. 35: All;

Sec. 36: All;

T. 26S., R.21E., SLM

Sec. 30: W 1/2 NE 1/4

T. 27S., R.20E., SLM

Sec. 1: N 1/2 NE 1/4, W 1/2

Sec. 2: E 1/2, E 1/2 NW 1/4;

Sec. 11: NE 1/4;

Sec. 12: N 1/2 SW 1/4; NW 1/4;

as identified on the attached maps: Attachment C and Attachment D.

RIDER

To be attached to and form part of Bond No.:

-4

Principal **Intrepid Oil & Gas LLC**

In favor of **State of Utah, Division of Oil, Gas and Mining**

In consideration of the premium charged for the attached bond it is agreed that:

1. the coverage of the above described bond is decreased:

FROM: Two Million Three Hundred Eighty-Four Thousand Four Hundred Sixty Dollars (\$2,384,460.00)

TO: Two Million Twenty-Seven Thousand Seven Hundred Sixty Dollars (\$2,027,760.00)

PROVIDED, however, that the attached bon as changed by this rider shall be subject to all its agreement, limitation and conditions, and that the liability of the surety under the attached bond is changed by this rider shall not be cumulative.

2. This Rider shall become effective as of the 11th day of February, 2005.

Signed, sealed and dated
March 2, 2005

LYNDON PROPERTY INSURNACE COMPANY

By:

Deborah A. Murphy
Deborah A. Murphy, Attorney-in-Fact

ACCEPTED:

By:

Murphy 3/9/05

RECEIVED

MAR 08 2005

DIV OF OIL GAS & MINING



LYNDON PROPERTY INSURANCE COMPANY
520 MARYVILLE CENTRE DRIVE, SUITE 500
ST. LOUIS, MISSOURI 63141-5814

POWER OF ATTORNEY

16-004

KNOWN ALL MEN BY THESE PRESENTS, that LYNDON PROPERTY INSURANCE COMPANY, a Missouri Corporation, having its principal office in St. Louis, Missouri pursuant to the following resolution, adopted by the Board of Directors of the Corporation on the 27th day of January, 1983.

RESOLVED, Pursuant to Section 3.1 and 4.12 of the By-laws, the following Rules shall govern the execution of the Corporation of bonds, undertakings, recognizances, contracts and other writings in the nature thereof:

- (1) That the President or any Vice President or Assistant Vice President, the Secretary or Assistant Secretary, the Treasurer or Assistant Treasurer or any Attorney-in-Fact may execute for and in behalf of the Corporation any and all bonds, undertakings, recognizances, contracts and other writings in the nature thereof, the same to be attested when necessary by the Secretary or Assistant Secretary, and the seal of the Corporation affixed thereto; and that the President, any Vice President or the Secretary or Assistant Secretary may appoint and authorize Attorneys-in-Fact to execute or to the execution of all such writings on behalf of the Corporation and to affix the seal of the Corporation thereto. The Secretary or Assistant Secretary may not both execute and attest the same bonds, undertakings, recognizances, contracts and other writings of the Corporation.
- (2) Any such writing executed in accordance with these Rules shall be as binding upon the Corporation in any case as though signed by the President and attested by the Secretary.
- (3) The signature of the President, or any Vice President or Assistant Vice President, the Secretary or Assistant Secretary, or the Treasurer or Assistant Treasurer and the seal of the Corporation may be affixed by facsimile on any power of attorney granted pursuant to this Resolution, and the certificate bearing such facsimile signature and seal shall be valid and binding on the Corporation.
- (4) Such Attorneys-in-Fact shall have authority to certify or verify copies of this Resolution, the By-laws of the Corporation, and any affidavit of record of the Corporation necessary to the discharge of their duties.

This Power of Attorney is signed and sealed in facsimile under and by the authority of the above Resolution.

DOES HEREBY MAKE, CONSTITUTE AND APPOINT: Lucy L. Parks, Stephen L. Helmbrecht, William H. M. Patterson, Deborah A. Murphy, Sue H. McMillen, Ernestine Stapleton

its true and lawful Attorney(s)-in-Fact with full power and authority hereby conferred in its name, place and stead to sign, execute, acknowledge and deliver in its behalf, and as its act and deed, without power of re delegation as follows:

Bonds guaranteeing the fidelity of persons holding places of public or private trust, guaranteeing the performance of contracts other than insurance policies; and executing or guaranteeing bonds and undertakings required or permitted in all actions or proceedings or by law allowed, provided the amount of no one bond exceeds Two Million Five Hundred Thousand and 00/100 Dollars (\$2,500,000.00); and to bind LYNDON PROPERTY INSURANCE COMPANY thereby as fully and to the same extent as if such bond or undertaking was signed by the duly authorized officers of LYNDON PROPERTY INSURANCE COMPANY, and all the acts of said Attorney(s)-in-Fact pursuant to the authority herein given are hereby ratified and confirmed.

In Witness Whereof, LYNDON PROPERTY INSURANCE COMPANY of St. Louis, Missouri, has caused this Power of Attorney to be signed by its President and its Corporate seal to be affixed this 12th day of March, 1999.

State of Missouri
County of St. Louis ss:



LYNDON PROPERTY INSURANCE COMPANY

BY: Roland G. Anderson
ROLAND G. ANDERSON, President

On this the 12th day of March, 1999, before the subscriber, a Notary Public of the State of Missouri in and for the County of St. Louis, duly commissioned and qualified, came ROLAND G. ANDERSON of Lyndon Property Insurance Company to me personally known to be the individual and officer described herein, and who executed the preceding instrument, and acknowledged the execution of the same, and being by me duly sworn, deposed and said, that he is the officer of the Company aforesaid, and that the seal fixed to the preceding instrument is the Corporate Seal of the Company, and the Corporate Seal and signature as an officer were duly affixed and subscribed to the said instrument by the authority and direction of the Corporation, and that the resolution of the Company, referred to in the preceding instrument.

In Testimony Whereof, I have hereunto set my hand, and fixed my official seal at St. Louis, Missouri, the day and year above written.

MARIE E. DUFF
Notary Public - State of Missouri
County of Jefferson
My Commission Expires January 6, 2006

Marie E. Duff

I, Richard C. Hackett, Assistant Secretary of the Lyndon Property Insurance Company, do hereby certify that the foregoing is a true and accurate copy of a Power of Attorney, executed by said Lyndon Property Insurance Company which is still in full force and effect.

In Witness Whereof, I have hereunder set my hand and affixed the seal of said Corporation at St. Louis, Missouri, this 2nd day of March, 2005.

State of Missouri
County of St. Louis ss:



LYNDON PROPERTY INSURANCE COMPANY

Richard C. Hackett
ASSISTANT SECRETARY



IMPORTANT DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE

On November 26, 2002, President Bush signed into law the Terrorism Risk Insurance Act of 2002 (the "Act"). The Act establishes a short-term program under which the Federal Government will share in the payment of covered losses caused by certain acts of international terrorism. We are providing you with this notice to inform you of the key features of the Act, and to let you know what effect, if any, the Act will have on your premium.

Under the Act, insurers are required to provide coverage for certain losses caused by international acts of terrorism as defined in the Act. The Act further provides that the Federal Government will pay a share of such losses. Specifically, the Federal Government will pay 90% of the amount of covered losses caused by certain acts of terrorism which is in excess of Protective's statutorily established deductible for that year. The Act also caps the amount of terrorism-related losses for which the Federal Government or an insurer can be responsible at \$100,000,000,000.00, provided that the insurer has met its deductible.

Please note that passage of the Act does not result in any change in coverage. Please also note that no separate additional premium charge has been made for the terrorism coverage required by the Act. The premium charge that is allocable to such coverage is inseparable from and imbedded in your overall premium, and is no more than one percent of your premium.